

Canada Revenue Agency

2012–13

Report on Plans and Priorities

The Honourable Gail Shea, P.C., M.P.
Minister of National Revenue

Mission

To administer tax, benefits, and related programs, and ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians.

Vision

The CRA is the model for trusted tax and benefit administration, providing unparalleled service and value to its clients, and offering its employees outstanding career opportunities.

Values

Integrity
Professionalism
Respect
Co-operation

Promise

Contributing to the well-being of Canadians and the efficiency of government by delivering world-class tax and benefit administration that is responsive, effective, and trusted.

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MESSAGE FROM THE MINISTER

Our Government is committed to keeping taxes low, investing in jobs and growth, and controlling government spending. The CRA continues to provide programs and services that are critical to successfully carrying out this work and supporting Canadians as the economic recovery remains fragile.

Over the last year I have seen first hand the level of professionalism and dedication that the CRA invests in all aspects of its work with, and on behalf of individuals, businesses, and government clients. Over the period covered by this report, I am confident that they will continue to respond to the needs of Canadians in areas of service, information security, addressing non-compliance with tax laws, and administering benefit and credit programs. Through careful planning and monitoring we will adhere to our financial commitments while continuing to serve Canadians with excellence.

As Minister of National Revenue, I am proud to present the *2012-13 Report on Plans and Priorities* for the Canada Revenue Agency.



The Honourable Gail Shea, P.C., M.P.
Minister of National Revenue

MESSAGE FROM THE COMMISSIONER

The Canada Revenue Agency (CRA) plays a central role in Canada's economy by administering tax, benefits, and related programs on behalf of Governments across Canada. This *2012-13 Report on Plans and Priorities* (RPP) is an opportunity for us to set out how we will respond to the challenges and opportunities in our external and internal operating environment, in order to ensure that the CRA continues to be a world leader in tax and benefit administration.

The CRA recently embarked on a sweeping strategic planning process that culminated in the establishment of our Vision 2020. As a bridge from today into the future, Vision 2020 is a long term, transformative suite of strategies that will allow our organization to keep step with government priorities, technology, and taxpayer behaviour. In some ways, Vision 2020 is an extension of the CRA strategic agenda that has been in place for many years such as automation and self-service. In other ways, it reflects emerging best practices from tax administrations around the world and forms our blueprint for pursuing more productive and taxpayer centered ways of doing business.

In addition to our longer term transformative agenda, the CRA will be closely monitoring the evolution of Shared Services Canada to ensure the CRA continues to be well served with high quality information technology services. We are also committed to implementing action plans to respond directly to the recommendations of the Red Tape Reduction Commission. As well, we will respond to the spending review as part of the Government's efforts to reduce the deficit by implementing changes that move our organisation to a more efficient business model at the same time as transforming service and compliance so that we maintain our progress to Vision 2020.

I am proud to lead such a talented and knowledgeable workforce and I have tremendous confidence in the professionalism and dedication of CRA staff to deliver results for Canadians.

Linda Lizotte-MacPherson
Commissioner of Revenue



SECTION I: ORGANIZATIONAL OVERVIEW

Raison d'être

The Canada Revenue Agency (CRA) is responsible for administering, assessing, and collecting hundreds of billions of dollars in taxes annually. The tax revenue it collects is used by federal, provincial, territorial and First Nations governments to fund the programs and services that contribute to the quality of life of Canadians. The CRA also uses its federal infrastructure to deliver billions of dollars in benefits, tax credits, and other services that support the economic and social well-being of Canadian families, children and persons with disabilities.

In carrying out its mandate the CRA strives to ensure that Canadians:

- pay their required share of taxes;
- receive their rightful share of entitlements; and
- are provided with an impartial and responsive review of contested decisions.

Responsibilities

The taxes that the CRA levies and the credits it administers are primarily set out in the *Income Tax Act* and the *Excise Tax Act*. We also administer specialty legislation relating to the Canada Pension Plan, Employment Insurance and softwood lumber. We undertake many non-tax activities, as well, including those related to charities, tobacco, registered plans, and non-tax collections. Tax administration consists of several steps, beginning when taxpayers are registered in our automated systems using a Social Insurance Number for individuals or a Business Number for businesses. Taxpayers must report and pay tax owed (income tax for individuals) or collected on behalf of the government (e.g. payroll, goods and services tax, Canada Pension Plan contributions by businesses). Payments and return filing occurs at different times of the year depending on the type of tax and the category of taxpayer. We verify returns, payments, and registration or application data submitted for tax, benefit, and credit purposes to ensure that the information is accurate. Where individuals and businesses either unintentionally or intentionally fail to fully comply, we use a wide range of mechanisms in our verification and enforcement programs to induce taxpayer compliance and to protect Canada's revenue base. We provide recourse for those who do not agree with our assessment or reassessment decisions, and if necessary, we collect any outstanding debts.

The CRA also plays a vital role in supporting families and individuals across Canada. We help millions of Canadians by administering a range of ongoing and one-time benefit and tax credit programs on behalf of federal, provincial, and territorial governments. In some instances, legislation allows us to provide information to support the programs administered by our government clients. By ensuring that benefit recipients have access to timely and accurate information, we help them receive their proper entitlements. Equally important, by working as a single delivery service on behalf of several levels of government, we reduce duplication and the overall cost of administering benefit programs.

We are very aware of the importance that Canadians place on fairness and transparency in all interactions with government. We respond to Canadians' expectations by ensuring that only eligible individuals receive benefits and that their entitlements are correct. This protects benefit and credit recipients from undue hardship that could be caused by underpayments while protecting government revenues by reducing overpayments.

The CRA contributes to three of the Government of Canada's outcome areas:

- a transparent, accountable, and responsive federal government;
- well-managed and efficient government operations; and
- income security and employment for Canadians.

Strategic outcomes and program activity architecture (PAA)

Government of Canada outcome areas

A transparent, accountable, and responsive federal government and
Well-managed and efficient government operations

Income security and employment for Canadians

Canada Revenue Agency strategic outcomes

Tax services

Taxpayers meet their obligations and Canada's revenue base is protected.

Benefit programs

Eligible families and individuals receive timely and correct benefit payments.

Program activities

Meeting our Expected Results, thereby achieving our Strategic Outcomes

PA1

Taxpayer and business assistance

Expected Result

Taxpayers, businesses, and registrants have access to timely and accurate tax information products and services; Non-compliance with applicable legislation by organizations and businesses administering and/or producing registered plans, charities, and excise dutiable products is detected and addressed.

PA2

Assessment of returns and payment processing

Expected Result

Individuals, businesses, and registrants are given timely and accurate tax assessment notices and tax payment processing, while targeted reviews detect and address non-compliance by individuals with applicable tax laws.

PA3

Accounts receivable and returns compliance

Expected Result

Non-compliance by individuals, businesses, and registrants with the filing, registration, remitting, and payment requirements of applicable tax laws is detected and addressed to protect Canada's revenue base.

PA4

Reporting compliance

Expected Result

Non-compliance by individuals, businesses, and registrants with the reporting requirements of the legislation the CRA administers is identified and addressed to protect Canada's revenue base.

PA5

Appeals

Expected Result

Taxpayers receive a timely and impartial review of contested decisions made under legislation administered by the CRA, and the handling of service complaints is timely and consistent.

PA6

Benefit programs

Expected Result

Benefit recipients are provided timely and accurate eligibility determinations and payments, and have access to timely and accurate information.

PA7

Internal services

Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization.



Organizational Priorities

This Report on Plans and Priorities sets out the core programs that we will use to deliver our mission over the next three years. It also sets out the results of the CRA's recent strategic planning exercise that established nine clear strategic directions for the CRA and a major transformation agenda, to be launched early in 2012-2013.

LEADING THE CHANGE – VISION 2020

The CRA has a strong record of implementing improvements to keep pace with a fast-changing environment. Today's world is one in which businesses must compete globally for talent and markets, services are expected to be available 24/7, from any location and any technology, and governments are under pressure to cut spending while providing top quality, responsive and transparent services to citizens.

Tax administration is a key enabler of government objectives in this fast paced environment. Taxpayers' trust and participation in the tax system means that government has the revenue it needs to deliver jobs, growth and security for Canadians. Businesses count on us to be fair, clear and timely in our decisions about tax implications, so that they can move quickly on major decisions, and to minimize their paper burden. Canadians look to us to make it easy and stress-free to pay taxes, using services that fit in with their lifestyle, and to get it right when we pay benefits.

In 2010, we embarked on a comprehensive strategic planning process to keep the CRA in step with government priorities, technology, and taxpayer behaviour. The result –Vision 2020– is a bridge from today to the future.

Vision 2020 lays out a long term, transformative suite of nine strategic directions. Four relate to the range of activities from service to enforcement to recourse that we use to promote and sustain compliance. They describe an evolution in our approach to core business programs: Manage Compliance Intelligently, Integrate the Taxpayer Experience, Early Certainty about Tax Issues, and Influence Compliance Attitudes. Three are levers and describe the tools required to deliver Vision 2020: Extend our Reach through Third Parties, Drive to Electronic, and Better Data, Used Better. The remaining two are about ensuring we: Optimize our Organization's resources, and Build the Workforce and the Workplace of the Future.

The CRA has been moving in many of these directions for some time, for example we started providing e-services nearly two decades ago - but Vision 2020 challenges us to go farther, faster, so that we can deliver earlier results for Canadians. Vision 2020 began as a simple question: Are there better, more cost-effective ways for the CRA to meet its mandate? Building on guidance from bodies like the Organisation for Economic Cooperation and Development (OECD), our own best practices, and those of other leading tax jurisdictions, Vision 2020 sets out the directions that the CRA needs to pursue to continue as a modern, successful tax administration in challenging, dynamic times.

Our current plans are aligned with the following operational and management priorities for the CRA: **promoting compliance, meeting service needs, addressing non-compliance, administering benefits, and enabling core business operations.**

Priority	Type	Link to strategic outcome
Promoting compliance The CRA's fundamental approach to making sure that Canada's tax laws are followed is to promote compliance with these laws by encouraging individuals and businesses to comply with their tax obligations, without our intervention.	Ongoing	Taxpayers meet their obligations and Canada's revenue base is protected.
Why is this a priority? Our objective is to make sure that Canadians have access to the information they need to voluntarily comply with Canada's tax laws as well as impartial and timely review of contested decisions. We work to build and maintain the trust and confidence of Canadians and our stakeholders through a range of activities and by treating their personal information confidentially.		
Plans for meeting the priority: <ul style="list-style-type: none">conducting outreach activitiesdemonstrating fairness and respect in all interactions		

Priority	Type	Link to strategic outcome
Meeting service needs Our objective in meeting service needs is to make sure that Canadians have access through multiple channels to the services they need to voluntarily comply with Canada's tax laws.	Ongoing	Taxpayers meet their obligations and Canada's revenue base is protected.
Why is this a priority? Quality service and information are critical to the success of a tax system that relies on voluntary self-assessment. We provide taxpayers with a wide array of services, helpful and accurate information, and effective tools to facilitate their compliance with tax legislation and to ensure they receive the benefits to which they are entitled.		
Plans for meeting the priority: <ul style="list-style-type: none"> • using an integrated, multi-channel approach that directs taxpayers and benefit recipients to the most affordable yet effective channel to meet their service needs, including providing information and assistance through the Web, publications, automated telephone services and agent-assisted services. • maintaining a high capacity production system to facilitate a range of tax and benefit assessing and payment processing activities. • supporting the Charities program. 		
Priority	Type	Link to strategic outcome
Addressing non-compliance Non-compliance is the failure, for whatever reason, to register as required under the law, file returns on time, report complete and accurate information to determine tax liability, and pay all amounts when due. It occurs in many forms, from errors and omissions to deliberate tax evasion. We are constantly assessing non-compliance risks and taking steps to focus our resources on areas of highest risk in order to make non-compliance more difficult. Ensuring compliance with Canada's tax and benefit legislation is essential to protecting Canada's tax revenue.	Ongoing	Taxpayers meet their obligations and Canada's revenue base is protected.
Why is this a priority? When non-compliance occurs, it can have a significant fiscal impact and erode the integrity of the tax and benefit administration. In this regard, we must continue to apply innovative strategies to mitigate and remove the opportunities for non-compliance and to detect non-compliance when it occurs.		
Plans for meeting the priority: <ul style="list-style-type: none"> • performing research to understand the drivers and mechanisms of non-compliance. • undertaking reviews, examinations, audits, and investigations to ensure compliance with Canada's tax laws in a variety of sectors including individual taxpayers, small and medium enterprises, and large and international enterprises. • applying appropriate tools and strategies to improve our effectiveness in identifying opportunities to address non-compliance. • undertaking verification and enforcement activities at the domestic and international level, including administering international tax agreements and exchanging information with treaty partners. • collecting outstanding amounts when due. 		
Priority	Type	Link to strategic outcome
Administering benefits The CRA supports the efforts of federal, provincial, and territorial governments by administering benefits to families, low- and moderate-income households, and persons with disabilities. Our objective in administering benefits is to make sure that Canadians have access to the benefits and credits to which they are entitled, and that related payments are timely and correct.	Ongoing	Eligible families and individuals receive timely and correct benefit payments.
Why is this a priority? Income security is essential to the economic and social well-being of Canadians, particularly in the current economic situation. The more than \$17 billion in benefits and credits administered by the CRA provides vital assistance to millions of Canadians.		

Priority	Type	Link to strategic outcome
Plans for meeting the priority: <ul style="list-style-type: none"> ensuring that all eligible recipients have access to benefit and credit information and application or registration tools providing Canadians with the benefits and credits to which they are entitled within established timeframes adding new programs and services where possible without jeopardizing the sustainability of current program delivery while lowering the overall cost to governments by reducing duplication in benefit and credit administration ensuring payment accuracy and timeliness 		
Priority	Type	Link to strategic outcomes
Enabling core business operations We invest resources each year to make sure that we can comply with the accountability requirements of financial and administrative legislation, regulations, and government policies and directives, and to sustain and advance our core information technology (IT) functions, which are critical to the delivery of all our programs. In addition, we use effective human resources practices that keep us competitive in the labour market.	Ongoing	Taxpayers meet their obligations and Canada's revenue base is protected and Eligible families and individuals receive timely and correct benefit payments
Why is this a priority? We must make sure that we have in place the modern and innovative management practices and sound infrastructure necessary to maintain the sustainability of the tax, benefit, and related services we deliver for governments across Canada.		
Plans for meeting the priority: <ul style="list-style-type: none"> providing leadership, strategic advice, and timely and effective services that support the achievement of business objectives providing financial and administrative, information and resource management, real property and sustainable development services enacting safeguards to ensure the protection of its information, employees, and assets, conduct investigations into misconduct, and establishes fraud prevention methods developing high quality and sustainable information technology solutions that enable government program delivery instituting a systematic and comprehensive approach to managing risk that is fully integrated into decision making, planning, and reporting 		

Risk analysis

OUR ENVIRONMENT

The CRA operates in an ever changing environment. Understanding the contextual trends and events found within this environment helps to set the context for risk identification and assessment. It also helps to develop an understanding of external and internal risks in a large, complex, and sophisticated organization such as the CRA.

ECONOMY

Uncertainty surrounds the global economy, including the sovereign debt crisis in Europe, the United States' economic recovery, rising private debt, and high levels of unemployment in many industrialized nations. Domestically, the Canadian economy is seeing modest growth in the Gross Domestic Product (GDP) and it is expected that this modest trend will continue. Additionally, low interest rates are contributing to record levels of household debt and decreasing amount of household savings while the unemployment rate, despite improvement, is still elevated compared to pre-recession levels. A strong or weak global or Canadian economy might have an impact on the level of revenues collected due to its influence on taxpayer behaviour. The state of the economy may also impact the number of Canadians who benefit from our services and programs.

INTERNATIONAL TAXATION

While globalization has created a number of economic benefits, it has also increased the complexity for tax administrators to collect taxes as it becomes less clear where income is earned and where taxes should be paid. The ability to move large amounts of money rapidly from one country to another helps those who want to avoid higher tax jurisdictions. To combat these issues, there is an increasing trend towards international collaboration among tax administrations, including joint audits of multinational corporations, and the support of bilateral and multilateral information exchanges.

INFORMATION TECHNOLOGY

We are known for our ability to manage IT investments, integrate a strong IT architecture, ensure a secure IT environment, and leverage our significant amount of data and applications. However, many of our systems are aging and some of our technology is becoming outdated.

We are also faced with the need to become even more agile and responsive given the pace of change and innovation in the IT domain. IT change management capacity is essential in responding to our shifting needs as well as those of the Canada Border Services Agency (CBSA), for which we provide IT support. The need for an agile and flexible IT environment is heightened as Canadians continue to migrate towards electronic services. (e.g., electronic filing, My Account)

WORKFORCE

We must proactively identify, recruit, and develop a representative workforce with the level of knowledge, competencies, and experience required to deliver on our mandate. Like many other institutions, we are dealing with an aging workforce and, consequently, an increase in the number of people eligible for retirement. There are technical and leadership areas where the number of pending retirements is more acute and are increasing the importance of ongoing succession planning and knowledge transfer.

The fact that we are also evolving in an environment that is in a state of ongoing fast-paced change is increasing the pressure that these workforce challenges will put on our ability to manage our activities and maintain the quality of programs and services.

MANAGING RISK

Risk management is an important part of sound corporate governance. It helps organizations ensure that they have planned for the full range of potential circumstances and their possible impact on the organization's objectives. The CRA has a comprehensive enterprise risk management process that enables us to prioritize our efforts to keep risks from occurring or minimize their impact if they are due to unavoidable circumstances such as a natural disaster.

Our enterprise risk management is fully integrated into decision making, planning, and reporting to support the achievement of our strategic outcomes. The commitments in this Corporate Business Plan reflect our response to the identified major risks to the CRA's mandate. We fully expect that, as a result of our effective risk management, the public will continue to maintain its trust in the integrity and diligence of the national tax administration; our IT systems will be reliable and flexible to support our evolving service and compliance needs; we will address non-compliance that poses the greatest threat to Canada's revenue base; and our prudent management of corporate resources will result in a cost-efficient, productive organization.

Planning summary

CRA RESOURCES

	2011-2012	2012-2013	2013-2014	2014-2015
	Forecast spending	Planned spending	Planned spending	Planned spending
Financial Resources (thousand of dollars)	4,545,168	4,374,952	4,058,808	4,074,371
Human Resources (full time equivalent)	39,593	40,388	40,021	40,021

PLANNING SUMMARY TABLE

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected. We assess our results against our tax services strategic outcome by measuring compliance levels on registration, filing, remittance and reporting. In addition we analyze various macro-indicators which help us evaluate reporting compliance trends and determine if the economic data provides an early indication of a change in the levels of compliance. Our targets vary between indicators. For information about CRA service standard targets please see our Web site: www.cra-arc.gc.ca/servicestandards .					
Performance indicators		Targets			
See individual program activity sections for performance indicators related to each activity		See individual program activity sections for targets related to their performance indicators			
Program activity (thousands of dollars)	Forecast spending	Planned spending			Alignment to Government of Canada outcome areas
	2011-2012	2012-2013 ¹	2013-2014 ^{1,2}	2014-2015 ^{1,2}	
Taxpayer and business assistance (PA1) ²	413,507	543,025	259,779	259,031	A transparent, accountable, and responsive federal government
Assessment of returns and payment processing (PA2)	626,084	617,948	635,038	652,606	Well-managed and efficient government operations
Accounts receivable and returns compliance (PA3)	453,094	432,277	429,609	425,302	Well-managed and efficient government operations
Reporting compliance (PA4)	998,705	985,132	967,357	964,454	Well-managed and efficient government operations
Appeals (PA5)	159,856	153,855	151,168	150,920	A transparent, accountable, and responsive federal government
Strategic outcome: Eligible families and individuals receive timely and correct benefit payments. We assess our results against our benefits strategic outcome by measuring timeliness and accuracy of payments and eligibility determination. We also monitor the number of government clients that rely on us as a service provider. Our targets vary between indicators. For information about service standard targets please see our Web site: www.cra-arc.gc.ca/servicestandards .					
Benefit programs (PA6)	368,130	367,546	372,080	376,487	Income security and employment for Canadians
The following program activity supports all strategic outcomes within this organization.					
Internal services (PA7)	1,522,468	1,271,936	1,240,544	1,242,339	
Total Agency (excluding taxpayers' ombudsman)³	4,541,845	4,371,720	4,055,576	4,071,139	

Strategic outcome: Taxpayers and benefit recipients receive an independent and impartial review of their service-related complaints.

Taxpayers' ombudsman (PA9) ³	3,323	3,232	3,232	3,232	A transparent, accountable, and responsive federal government
Total Planned Spending⁴	4,545,168	4,374,952	4,058,808	4,074,371	

¹ Planned spending does not include certain technical adjustments made in 2011-2012, primarily carry forward from the previous year (\$178M) and maternity and severance benefits (\$80M). These are in-year adjustments.

² Excludes forecasted disbursements to the provinces for the *Softwood Lumber Products Export Charge Act, 2006*, which are unavailable at this time (\$140M in 2011-2012 and \$280M in 2012-2013)

³ Since the Taxpayers' Ombudsman operates at arm's-length from the CRA, this Report on Plans and Priorities does not reflect the activities of that office.

⁴ Details may not add to totals due to rounding.

OUR CONTRIBUTION TO THE FEDERAL SUSTAINABLE DEVELOPMENT STRATEGY

The Federal Sustainable Development Strategy (FSDS) outlines the Government of Canada's commitment to improving the transparency of environmental decision-making by articulating its key strategic environmental goals and targets. The Canada Revenue Agency (CRA) ensures that consideration of these outcomes is an integral part of its decision-making processes.



The CRA contributes to Theme IV - Shrinking the Environmental Footprint – Beginning with Government as denoted by this visual identifier. These contributions are components of the following Program Activity and are further explained in Section II: Program Activity 7 - Internal Services.

For additional details on the CRA's activities to support sustainable development please see Section II of this RPP and www.cra-arc.gc.ca/sds/.

Complete details on the Federal Sustainable Development Strategy can be found at www.ec.gc.ca/dd-sd/default.asp?lang=En&n=C2844D2D-1.

Expenditure profile

For the period 2008-2009 to 2011-2012, total spending amounts include all Parliamentary appropriations and revenue sources: Main Estimates, Supplementary Estimates, funding associated with the increased personnel costs of collective agreements, maternity allowances and severance payments, as well as funding to ensure implementation of Federal Budget initiatives and the Agency's carry forward adjustments from the prior year. It also includes spending of revenues received through the conduct of CRA's operations pursuant to Section 60 of the *Canada Revenue Agency Act*, Children's Special Allowance payments, payments to private collection agencies pursuant to Section 17.1 of the *Financial Administration Act* and disbursements to the provinces under the *Softwood Lumber Products Export Charge Act, 2006*. For the period 2012-2013 to 2014-2015, planned spending excludes carry forward adjustments which are only finalized once Public Accounts are completed and it also does not include any amounts for maternity allowances and severance payments. Finally, for the period 2013-2014 and 2014-2015 planned spending amounts do not yet include a forecast for disbursements to the provinces under the *Softwood Lumber Products Export Charge Act, 2006* (estimated at \$280M in 2012-2013).

Since 2008-2009 the Canada Revenue Agency's reference levels have changed primarily as a result of: collective agreements/contract awards; policy and operational initiatives arising from various Federal Budgets and Economic Statements; transfers from the Department of Public Works and Government Services Canada for accommodations and real property services; the Softwood Lumber Agreement; the commencement of responsibilities related to the

administration of corporate tax in Ontario and the harmonization of sales tax in Ontario and British Columbia. Over the same period, there have also been a number of decreases as a result of various government-wide budget reduction exercises and the CRA contribution to the implementation of the new Shared Services Canada. The Operating Expenditures Vote was also reduced in 2010-2011 to create the Agency's new Capital Expenditures Vote.

The Agency Statutory Authorities have fluctuated over the course of the 2008-2009 to 2014-2015 period as a result of: adjustments to the Children's Special Allowance payments for eligible children in the care of agencies and foster parents; adjustments to the rates for the contributions to employee benefit plans; increases to the spending of revenues received through the conduct of operations pursuant to Section 60 of the *Canada Revenue Agency Act*; payments to private collection agencies pursuant to Section 17.1 of the *Financial Administration Act* in 2008-2009 and 2009-2010; and finally adjustments to disbursements to the provinces under the *Softwood Lumber Products Export Charge Act, 2006*.

Figure 1 : Spending trend (in millions of \$)

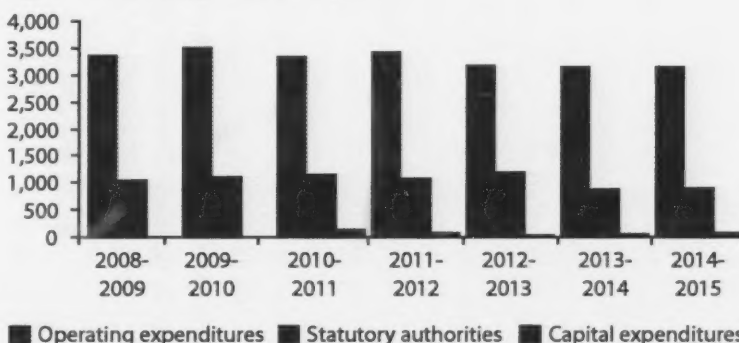
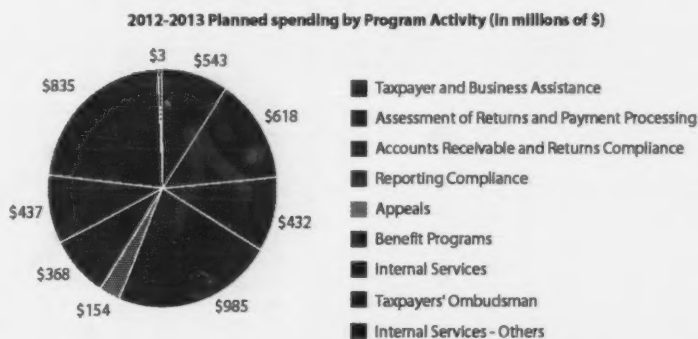


Figure 2 : 2012-2013 Planned spending by program activity (in millions of \$)



Estimates by Vote

For information on our organisational votes and/or statutory expenditures, please see the 2012–13 Main Estimates publication. An electronic version of the Main Estimates is available at www.tbs-sct.gc.ca/est-pre/2012-2013/p2-eng.asp.

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME(S)

TAXPAYER AND BUSINESS ASSISTANCE (PA1)



Canada Revenue strategic outcome

Taxpayers meet their obligations and Canada's revenue base is protected



Government of Canada outcome area

A transparent, accountable, and responsive federal government

PROGRAM ACTIVITY DESCRIPTION

Assisting taxpayers and businesses in meeting their obligations under the self-assessment system through the provision of accurate and timely responses to their enquiries; information products through various media such as, Website, pamphlets and brochures; targeted outreach activities and services; income and commodity tax rulings and interpretations; *Canada Pension Plan* and *Employment Insurance Act* eligibility determinations; services relating to the registration of pension and other deferred income plans; and services relating to the registration of charities.

PLANNED SPENDING BY PROGRAM ACTIVITY

	2011-2012	2012-2013	2013-2014 ¹	2014-2015 ¹
	Forecast spending	Planned spending	Planned spending	Planned spending
Financial Resources (thousand of dollars)	413,507	543,025	259,779	259,031
Human Resources (full time equivalent)	4,137	4,141	4,100	4,099

¹ Excludes forecasted disbursements to the provinces for the *Softwood Lumber Products Export Charge Act, 2006*, which are unavailable at this time (\$140M in 2011-2012 and \$280M in 2012-2013)

Program activity expected result	Performance indicator	Target
Taxpayers and businesses have access to the information and services they require to voluntarily comply with tax laws	Visits to taxpayer services web-based information products pages.	upward trend
	Percentage of accurately updated internal reference materials for Taxpayer Services and Charities agents.	100%
Compliance with applicable legislation by organizations and businesses administering and/or producing registered plans, charities, and excise dutiable products is improved.	Percentage of charities, registered plans and commodity audits and activities completed compared to planned.	90%

PLANNING HIGHLIGHTS

PROMOTING COMPLIANCE

COMMUNICATING WITH CANADIANS

The vast majority of Canadians recognize that responsible tax practices are key to sustaining government programs and services and willingly comply with their obligations. The CRA's outreach activities are intended to help us to deliver important messages to Canadians and influence compliance attitudes and behaviours. The CRA conducted key segmentation research in 2011, which will help us to develop targeted plans that encourage increased compliance. The results of the research will determine how best to promote compliance within some of the identified segments.

The CRA will use traditional communication tools or emerging technologies to support CRA programs, deliver key messages, and provide clear, concise information about compliance issues so taxpayers fully understand their obligations and consequences. We have established plain language as the writing standard and improved the language quality of our written communications.

Communication and marketing efforts will continue to focus on supporting easy to use online services for taxpayers and businesses. The suite of corporate communication strategies that deal with promoting compliance will reinforce trust in the CRA while acknowledging that the majority of Canadians are compliant.

Outreach program

Taxpayers must have access to the information they need to meet their obligations and receive their entitlements. The CRA uses outreach programs to connect with Canadians and deliver the information and assistance they require. Our outreach programs and communications activities foster compliance by offering information and tools in a variety of formats and venues to reach our diverse audiences. These outreach efforts cover a wide range of issues and are delivered by many different areas of the CRA.

We continue to increase our use of technology to improve our external communication through outreach, including the use of videocasts to inform taxpayer groups. This technology enables us to reach wider audiences, including those who live in remote locations, efficiently and cost-effectively.

We use tools such as public opinion research, demographic analysis, environmental scans, and compliance risk analysis to identify taxpayer segments that could most benefit from outreach (e.g. youth, new Canadians, small businesses, employers) and topics on which to focus our efforts. Based on the intelligence gathered, we develop outreach plans to encourage compliance.

External communication

Our external communication and marketing activities raise public awareness about the importance of compliance and how interacting with the CRA electronically makes it easy to comply. Taxpayers are enthusiastic about doing business with the CRA online: it is increasingly the preferred option. The CRA is continually improving its electronic service offerings and communicating to ensure that Canadians are aware of the range of online services available. The T1 filing season provides the CRA with the most important opportunity to promote compliance using communication and marketing.

Targeted communications are used as a compliance tool to sensitize potential non-compliant taxpayers about the consequences of tax cheating and highlight CRA programs and results that increase the likelihood of getting caught. Social media offers new ways to get this message to Canadians. For example, the CRA is expanding the use of social media to reach taxpayers, including YouTube and Twitter channels.

PROVIDING CERTAINTY

Taxpayers can have certainty regarding their tax obligations through a variety of CRA service offerings.

Rulings and technical interpretations

The mandate of CRA's rulings program is to interpret Canada's income tax law, including the *Income Tax Act*, the *Income Tax Regulations*, all related statutes and the Income Tax Conventions which Canada has with other countries. It provides clients with advance income tax rulings and technical interpretations. In recent years, the turnaround time for advance income tax rulings has been in excess of our published service standard. Recognizing the increasing complexity of these files, the service standard for advance income tax rulings and technical interpretations will be revised starting in the 2012-2013 fiscal year to establish a goal that is more realistic but still challenging.

The new service standard will state that advance income tax rulings and technical interpretation files will be completed within an average of 90 business days. The target for these service standards will be the completion of 85% of files within the established time frame. We will implement process improvements to meet those new standards.

Currently, the CRA produces technical publications and newsletters that clarify the CRA's interpretation of income tax law. We will update the content of income tax interpretation bulletins to ensure that Canadians have access to the most accurate and timely information. To accomplish this, we will establish a technical publications work section which will revise the out-dated database of interpretation bulletins.

MEETING SERVICE NEEDS

ENQUIRIES SERVICES

Making compliance easy means having timely and accessible information about obligations and entitlements readily available to taxpayers. Access to accurate, user-friendly information is fundamental to a self assessment tax system. Canadians are using diverse channels (the Web, telephone, print, in person, and in writing) to satisfy their information needs. We want taxpayers and benefit recipients to migrate to the more affordable self-serve channels with agent assistance readily available when required. We also ensure that taxpayers have choices in how they access information by providing products in a variety of formats, including paper and alternative formats and make sure that all of the forms taxpayers use meet accessibility requirements when they are made available on the CRA Web site.

The telephone remains a popular channel through which taxpayers and benefit recipients seek information from the CRA. Our 1-800 telephone networks provide help and information to taxpayers and benefit recipients through automated and agent-assisted services. These networks are managed in real time to balance call volumes across the country and to provide equitable accessibility. Callers using the automated service can get general information and simple account information such as refund status, RRSP contribution room, and Tax-Free Savings Account contribution room 24 hours a day, seven days a week.

Our goal, over the planning period, is to further strengthen the quality and accuracy of our responses to enquiries through enhancements to the quality assurance program. It will also allow us to identify agent training needs, procedural and accuracy trends, and product and service gaps. Our focus on multimedia training products and new applications that link agents' desktops to appropriate reference material will reduce the time they need to research specific topics. We will focus our research and analysis on better understanding client information needs and expectations. We will also explore best practices and emerging technology in taxpayer services to enhance the design and development of our products and services.

Our GST/HST Rulings program provides written rulings and interpretations along with a 1-800 telephone service for registrants and taxpayers that is typically requested for more technical GST/HST information and transactions. The program houses technical experts who provide certainty as to how the tax applies to specific transactions. Our goal is to respond to written requests for rulings and interpretations within 45 days¹ of receipt in the CRA.

Charities

Client service representatives in our Charities program are available to provide public information regarding registered charities, guidance on how to register a charity, and how to issue donation receipts. We aim to offer a thorough and timely application process, provide direct assistance to charities through our enquiries processes, and conduct extensive outreach initiatives.

Over the planning period, registered charities and applicants for registered status will continue to have access to high quality application, enquiries processes and outreach initiatives.

1. This excludes highly technical and precedent and/or policy-setting rulings and interpretations.

ADDRESSING NON COMPLIANCE

CHARITIES

The CRA is mandated to promote compliance with income tax legislation and regulations among registered charities to ensure the integrity of the charitable sector. The CRA aims to fulfil this mandate through education, quality service and responsible enforcement.

The Charities Program is responsible for a range of activities that span the full spectrum of the compliance continuum. These activities include communications and outreach, processing and examination, audit and enforcement, and policy and technical guidance.

Over the planning period, the Charities Program will work to address identified non-compliance in a timely manner and implement the initiatives announced in Budget 2011. These measures were intended to increase the transparency and accountability of entities that are permitted to issue donation receipts for income tax purposes. In addition, the measures provide the CRA with new tools to enhance the existing regulatory regime for charities, amateur athletic associations, and other qualified donees under the *Income Tax Act*.

EXCISE TAX

The CRA is responsible for the interpretation and application of the *Excise Act*, the *Excise Tax Act*, the *Importation of Intoxicating Liquors Act*, the *Air Travellers Security Charge Act* and the *Excise Act, 2001*. We are also responsible for the regulations, departmental policies and administrative procedures associated with these pieces of legislation.

The CRA collects the excise duty on tobacco products manufactured domestically, and the Canada Border Services collects the excise duty on imported tobacco products. The recently implemented tobacco stamping regime provides the legal framework and ministerial powers for tobacco product stamping. These powers include the authority to limit the possession of tobacco stamps to legal tobacco activities, to impose new penalties for counterfeited stamps and for stamps that a person cannot account for as being in their possession or affixed to a tobacco product. The CRA will continue to encourage and support the adoption of the stamping program by the provinces.

We will pursue the following priorities over the planning period.

DELIVERABLES

Priority	Deliverable	Date
Communicating with Canadians	Develop and implement responsible citizenship messages	2012-2015
	Develop outreach plans for targeted taxpayer segments	2012-2015
Enquiries Services	Conduct analysis on channel demand, use and integration	2012-2015
	Target taxpayer population segments through improved Web navigation, architecture, and content management	2012-2015
	Enhance authoring and planning tools and business processes	2012-2014
	Enhance the quality assurance program, agent training, and agent tools	2012-2015
Charities	Improve the display of Annual Information Returns on the Charities and Giving Web site	2012-2013
	Deliver information sessions, webcasts, webinars, and newsletters	2012-2013
	Implement a service standard for written enquiries	2012-2013
	Evaluate processes for dealing with charities that file their annual return late	2012-2013
	Evaluate the effectiveness of sanctions and compliance agreements	2012-2014
Excise tax	Develop an accountability framework for the control of stamp issuance and possession	2012-2013
	Facilitate further provincial adoption of the stamping program for provincial purposes	2012-2014

ASSESSMENT OF RETURNS AND PAYMENT PROCESSING (PA2)



Canada Revenue Agency strategic outcome

Taxpayers meet their
obligations and Canada's
revenue base is protected



Government of Canada outcome area

Well-managed and efficient
government operations

PROGRAM ACTIVITY DESCRIPTION

Processing and validating taxpayer returns for both individuals and businesses through initial assessment, validation, accounting, and adjustments; registering businesses for the Business Number, establishing, and maintaining accounts; and receiving payments.

PLANNED SPENDING BY PROGRAM ACTIVITY

	2011-2012	2012-2013	2013-2014	2014-2015
	Forecast spending	Planned spending	Planned spending	Planned spending
Financial Resources (thousand of dollars)	626,084	617,948	635,038	652,606
Human Resources (full time equivalent)	6,554	7,040	6,987	6,970

Program activity expected result	Performance indicator	Target
Individuals, businesses and registrants are provided timely and accurate tax assessment notices and tax payment processing.	Year-over-year adherence to service level commitments related to timeliness of processing for individual, business and GST/HST returns.	100%

PLANNING HIGHLIGHTS

MEETING SERVICE NEEDS

THE CRA WEB SITE AND ELECTRONIC SERVICES

More and more Canadians are choosing to interact with the CRA through the CRA Web site and the electronic services it provides. Rapid evolution of the Internet has raised taxpayer expectations of their experience with the CRA Web site and the information and services offered. New Government of Canada standards on Web accessibility and usability are driving the CRA to make its Web site and e-services more intuitive and user-friendly. The CRA supports and promotes this trend, which will enable compliance and the delivery of benefit programs. Particular advantages of this service delivery channel include increased timeliness of information provided by the CRA, increased flexibility and ease of transacting with the CRA, and reduced costs both for Canadians and the CRA. Taxpayers can contact the CRA when they are unable to access or use the many electronic self-service options available such as My Account, My Business Account, and Quick Access, or when they need help with NETFILE, TELEFILE, Represent a Client, filing information returns electronically, or the payroll deductions online calculator. Other electronic services offered by the CRA include: GST/HST NETFILE, My Payment, GST/HST Internet File Transfer and GST/HST Access Code Online, Corporation Internet Filing, Web forms, and Internet File Transfer.

The CRA Web site is continually updated to provide current, relevant information. The content and the structure of our Web site are fine-tuned, based on the results of usability testing, to ensure client needs are being met. To enhance the user experience with the Web channel and increase visits to online information, we will ensure a better integration of tax and benefits information with the e-services that allow taxpayers to interact with the CRA. This aligns with improving the user experience and the new Web standards for accessibility and usability set by the Treasury Board of

Canada Secretariat. Satisfaction of taxpayers with the CRA Web site will be measured against key performance indicators, using a variety of feedback mechanisms.

My Account, My Business Account, and My Payment

My Account, My Business Account, and My Payment are electronic services offered by the CRA to allow taxpayers to obtain information relevant to their situation, to modify their information, and to make payments.

The CRA will pursue cost-effective ways to improve service to taxpayers and will introduce new electronic services and enhancements to existing services over the planning period, such as the ability of clients and authorized representatives to update client information.

We will also continue to promote our e-Services to encourage uptake and ensure that corporations, businesses, and other institutions are aware of the legislative changes requiring many businesses to file returns electronically.

Over the planning period, we will communicate through new and innovative ways with the introduction of the Message Centre. The Message Centre will be available to businesses and authorized third party representatives through the My Business Account portal and will inform users of a new or awaiting message upon logging into My Business Account. My Business Account users will also be able to send enquiries and receive written responses from the CRA electronically within the secure portal. The addition of this service was included in the 2011 Federal budget to address Canadians requests to be able to electronically submit enquiries and receive electronic written responses.

The *Income Tax Act*, and the *Excise Tax Act* contain sections that prohibit the disclosure of taxpayer information to third parties unless specifically authorized by that taxpayer. The Taxpayer Representative Identification System (TRIS) is an online database that permits CRA employees to verify whether they are authorized to deal with a third party representative on a specific taxpayer's behalf. Timely processing of authorization requests ensures that a taxpayer's representative can interact with the CRA on their behalf as necessary. While we have made progress in the timely processing of request forms, we will continue to take steps to address delays during non-peak tax time (mid-July to mid-March) associated with timely routing of request forms, and to improve our timeliness.

The CRA recognizes that the use of mobile devices in Canada continues to rise exponentially. There are currently two CRA certified mobile-specific applications –the TaxFreeway for iPad and the SnapTax for iPhone. Over the planning period, we will enhance our CRA mobile-friendly Web site. More research is required to create mobile-friendly versions of CRA applications, such as My Account and My Business Account. The mobile Web site will be developed to meet CRA and Government of Canada (GoC) standards and guidelines and will help meet rising taxpayer expectations with respect to GoC departments and agencies having a mobile presence.

PROCESSING RETURNS AND PAYMENTS

Once a taxpayer files an Income Tax or GST/HST return with the CRA, it is important that the CRA processes these returns accurately and without undue delay. This is good business practice, as it helps ensure ongoing compliance amongst those taxpayers owed a refund and those who want peace of mind that their return has been received. We are continuing to introduce efficiencies that will accelerate our processing times. In situations where taxpayers make an error in completing their return, the CRA will adjust the return, which may result in a taxpayer owing more money or obtaining a refund of excess taxes paid.

The CRA is developing an Electronic Payment Strategy to set out a business roadmap for incoming payments and to offer taxpayers multiple payment options. This strategy will identify new payment options and enhance current methods of payment to make paying taxes more convenient for taxpayers. It will support the overall government strategy for reducing the paper burden.

This year, we will promote electronic payments by adding the ability to transfer a payment to a different program with the same Business Number. For example, a business taxpayer with a credit (payment, Investment Tax credit) on the GST/HST account can transfer all, or a portion of that credit, to pay an outstanding balance on the corporation's income tax account. We will also continue to communicate the new mandatory Internet filing requirement for

businesses. In addition, we will make it easier for businesses to authorize their representatives to intercede on their behalf.

Beginning in January 2012, employers who are required to file certain slips can now do so online through a fillable form via the CRA Web Forms application. Employers can include up to fifty slips in a single submission, providing them with a convenient electronic alternative to paper filing. The types of slips that can be submitted through the Web Forms application include T3, T4, T4A, T4A-NR, T4E, T4RIF, T4RSP, T5, T5007, T5008, T5018 and NR4.

ADDRESSING NON-COMPLIANCE

REPORTING NON-COMPLIANCE

The CRA will continue to improve its use of business intelligence and risk analysis, and strengthen its partnerships with other tax jurisdictions in order to identify and exploit new ways of detecting non-compliant reporting

Individuals

All tax returns from individuals are subject to risk assessment review by CRA systems. We have increased our focus on suspicious or willful non-compliance at both the initial processing and post assessment stages, and are incorporating more compliance activities within our core processes. We will continue to invest in areas such as risk assessment and technological systems designed to improve our analysis, identification, and management of risk in specific areas of reporting non-compliance.

We will maintain and build on our relationships with federal, provincial, and territorial government departments to strengthen joint initiatives aimed at combatting non-compliance. We will also enhance our outreach activities to assist and educate taxpayers and benefit recipients, and improve services for people with disabilities.

Businesses

Like individuals, Canadian businesses are also subject to risk assessment reviews by CRA systems. The Corporation Assessing Review Program validates the accuracy of taxpayer reporting by ensuring that corporations file accurate and complete information with the CRA.

We will pursue the following priority over the planning period.

DELIVERABLES

Priority	Deliverable	Date
Processing returns and payments	Communicate the new mandatory Internet filing requirements for businesses	Ongoing

ACCOUNTS RECEIVABLE AND RETURNS COMPLIANCE (PA3)



Canada Revenue Agency strategic outcome

Taxpayers meet their
obligations and Canada's
revenue base is protected



Government of Canada outcome area

Well-managed and efficient
government operations

PROGRAM ACTIVITY DESCRIPTION

Identifying and addressing non-compliance with the registration, filing, remittance and payment requirements of the various Acts administered by the Canada Revenue Agency. The activities support the prevention, detection and early resolution of non-compliance with filing, reporting, and remitting obligations, as well as, the collection of accounts receivable relating to individual and corporate tax returns, employer source deductions, Goods and Services Tax/ Harmonized Sales Tax, other levies, and accounts receivable administered on behalf of other government departments. These activities are achieved by identifying opportunities for program improvements, developing, implementing and maintaining national systems, policies, procedures and guidelines, and the application of business intelligence and technology.

PLANNED SPENDING BY PROGRAM ACTIVITY

	2011-2012	2012-2013	2013-2014	2014-2015
	Forecast spending	Planned spending	Planned spending	Planned spending
Financial Resources (thousand of dollars)	453,094	432,277	429,609	425,302
Human Resources (full time equivalent)	7,417	7,599	7,509	7,473

Expected result	Performance indicator	Current target
Tax debt and government program debt is resolved on a timely basis and is within targeted levels.	Percentage of accounts receivable dollars resolved in the fiscal year compared to the dollar value of accounts receivable (intake) received in the fiscal year.	90%

PLANNING HIGHLIGHTS

ADDRESSING NON COMPLIANCE

FILING AND REGISTRATION NON-COMPLIANCE

One of the CRA's goals is to ensure that taxpayers, businesses, and trusts register and/or file if they are required to do so. Based on data from Statistics Canada and the results of the non-filer and non-registrant programs, the CRA estimates that voluntary filing and registration compliance has remained consistently above target over the past several years. When non-filing occurs, we attempt to obtain returns at minimal cost within a specific period of time using early intervention, before the accounts enter more resource-intensive operations. Accounts that do not respond to early intervention measures are considered higher risk. These accounts require human intervention and are referred for escalating enforcement action. The CRA also undertakes projects aimed at identifying and addressing filing and registration non-compliance in cases where there are no records on the CRA databases, and where new or additional information is obtained. For the planning period, we will address filing and registration non-compliance to meet our established targets.

REPORTING NON-COMPLIANCE

Underground economy

Our efforts to combat the underground economy (UE) span the compliance continuum of registration, filing, reporting, and payment. The underground economy remains a priority for the CRA because it undermines the competitiveness of Canadian businesses and offers an unfair advantage to those who fail to comply with Canada's tax laws. To combat UE activity, the CRA consistently applies a mix of education, outreach, communication and compliance actions.

Employers and goods and services/harmonized sales tax (GST/HST) registrants

Employers and GST/HST registrants are of particular interest to the CRA because of their fiduciary responsibility to collect and remit GST/HST and deductions at source for employees. The GST/HST and payroll deductions represent a significant source of tax revenue for both the federal and applicable provincial governments.

One of the key challenges for the administration of GST/HST is the increased compliance risks associated with the expansion of the GST/HST framework within Canada, and the need to make businesses aware of their reporting requirements. To address these risks, the CRA will focus on enhancing its risk assessment models, conduct program monitoring, and target outreach activities to help businesses understand their legislative responsibilities, including the changes in reporting as a result of harmonization. We will continue to protect the federal and provincial revenue bases by identifying businesses at risk and by using proactive compliance communication.

Over the planning period, we will address non-compliance with remittance, filing, and withholding requirements through improvements in our internal quality assurance process as well as improved file selection for examinations. We will continue to increase our knowledge of the GST/HST program and maximize the risk-assessment capabilities of our compliance programs.

REMITTANCE

Once an assessment is completed through self-assessment, or reassessed through our subsequent verification actions, taxpayers must remit any amounts due. We use various means to collect the amounts that are owed to the Government of Canada.

Payment non-compliance

Two main sources contribute to outstanding accounts receivables: debts created by taxpayers when they do not pay amounts owing when they file their returns, and debts identified by the CRA through our non-compliance identification activities. Both sources shape taxpayer payment compliance obligations in respect of filing of returns and payment of amounts due.

The accumulation of new debt depends on factors that are outside of our control. They include domestic and international economic conditions, aggressive tax planning and strategic insolvencies, and socio-economic factors that may influence taxpayer compliance behaviour. We will continue to coordinate and reinforce CRA efforts to educate taxpayers about their obligations and use business intelligence to collect outstanding returns and payments in an effort to positively influence taxpayer compliance behaviour. We will continue to further develop business intelligence reporting to improve our ability to evaluate the effectiveness and efficiency of our operational actions, and to match results to actions taken.

Collections

Early determination of the most effective course of action facilitates both timely and efficient debt collection. The longer a debt exists, the more difficult and expensive it is to collect. In this regard, we will continue to optimize the use of our Debt Management Call Centre (DMCC), which addresses high volume low-risk tax debt at a minimal cost. The DMCC represents a cost-effective early intervention with non-compliant taxpayers. Use of our DMCC allows our

collection officers to focus on addressing more complex, higher risk accounts that involve the use of escalating collections measures, including legal and enforcement actions to deal with non-compliant taxpayers.

The recent amalgamation of our regional and national workload pools into one national inventory enabled us to address higher-risk accounts without regard to geographic boundaries. Preliminary results have indicated a positive trend in the level of recoveries to the Crown. We will continue to monitor the results of this initiative and apply best practices to more complex accounts.

Our operating environment continues to evolve rapidly resulting in shifting priorities and the need to build capacity for the future. Over the planning period our primary focus will be on maintaining the sustainability of our collections program by monitoring recently implemented initiatives and identifying opportunities for further efficiencies.

We will pursue the following priorities over the planning period.

DELIVERABLES

Priority	Deliverable	Date
Remittance	Implement the payment non-compliance action plan to address future arrears	2012-2014
	Strengthen partnerships within the CRA to manage new debts arising from our reporting compliance activities	2012-2014
	Implement risk assessment and tailor strategies to better manage new and existing debt	2012-2014
	Strengthen field infrastructure to identify and address repeat payment non-compliance	2012-2013
	Develop and validate baseline measurements for initiatives specific to payment non-compliance	2012-2014

REPORTING COMPLIANCE (PA4)



Canada Revenue Agency strategic outcome

Taxpayers meet their
obligations and Canada's
revenue base is protected



Government of Canada outcome area

Well-managed and efficient
government operations

PROGRAM ACTIVITY DESCRIPTION

Verifying the complete and accurate disclosure by taxpayers of all required information to establish tax liabilities and protect the tax base through audit, enforcement, and incentive administrative activities. Activities for enhancing compliance include: increasing taxpayers' understanding of their tax obligations through outreach activities, client service and education; identifying and addressing non-compliance through risk assessment, audit and investigation; and establishing strategic partnerships with stakeholders to leverage compliance efforts.

PLANNED SPENDING BY PROGRAM ACTIVITY

	2011-2012	2012-2013	2013-2014	2014-2015
	Forecast spending	Planned spending	Planned spending	Planned spending
Financial Resources (thousand of dollars)	998,705	985,132	967,357	964,454
Human Resources (full time equivalent)	9,434	9,778	9,696	9,667

Expected result	Performance indicator	Current target
Reporting non-compliance is detected and corrected by better targeting of compliance actions through effective risk assesment.	Percentage of the major reporting compliance workloads completed, compared to planned	100%
	Trend in the change rate (percentage of audits and other major workloads completed on which taxes were reassessed)	Year-over-year improvement in the change rate

PLANNING HIGHLIGHTS

PROMOTING COMPLIANCE

PROVIDING CERTAINTY

The Voluntary Disclosures Programs (VDP) strives to facilitate voluntary compliance by encouraging taxpayers to disclose unreported information and correct any inaccuracies or oversights to previously submitted information. Taxpayers who take advantage of the opportunities presented through the VDP may be able to avoid penalties or prosecution associated with tax non-compliance, provided they come forward prior to the CRA initiating any compliance action. The program is a key component in the CRA's overall compliance strategy.

ADDRESSING NON-COMPLIANCE

REPORTING NON-COMPLIANCE

The CRA will continue to improve its use of business intelligence and risk analysis, and strengthen its partnerships with other tax jurisdictions in order to identify and exploit new ways of detecting non-compliant reporting.

Businesses

Businesses, such as international and large business and small and medium enterprises, are among the CRA's core program areas. The CRA uses tools such as examinations, audits, investigations and international verification and enforcement activities to detect and deter non-compliance within these populations.

Aggressive tax planning

Aggressive tax planning (ATP) practices are generally developed by various parties including taxpayers, intermediaries, tax planners and promoters. They involve transactions specifically aimed at helping taxpayers reduce, avoid or evade Canadian taxes. There are significant international, domestic and inter-provincial risks in regards to ATP activity. ATP is on the rise due to greater globalization and labour mobility, both of which have increased the number of international transactions and cross-border investment opportunities. Technology has also made offshore financial transfers and investments more accessible to a wider range of taxpayers.

The CRA's model for addressing ATP includes the use of compliance audits, publishing tax alerts, leveraging relationships with international and domestic partners to exchange information on ATP schemes, being active in groups that work to combat offshore abusive tax schemes, utilizing research and intelligence gathering as a means to develop ATP strategies, and refining risk assessment systems so that instances of ATP can be detected in a more effective manner. Some of the CRA's ATP work will culminate with recommendations to the Department of Finance Canada so that legislative solutions to ATP schemes can be implemented.

Underground economy

The Underground economy (UE) remains a priority for the CRA. The CRA uses a mix of education, outreach, communication and compliance actions to combat the UE. The CRA works with other federal agencies and departments, provincial and territorial governments, tax administrations in other countries, international organizations, professional organizations, and key industry groups to share best practices and develop innovative compliance risk treatments to address the UE. This is supported by research and intelligence gathering and the systematic allocation of workload to industry sectors with the highest risk.

The CRA's strategy to address the UE engages the CRA regions in research, audit and outreach projects that provide vital intelligence to identify emerging UE risks. This intelligence allows the CRA to better understand the risks, the drivers of non-compliant behaviour, and the compliance treatments that would be the most effective in addressing them.

As the UE is constantly evolving, the CRA continually adapts its UE compliance strategy. To this end, the CRA recently completed a CRA-wide stocktaking exercise of the activities and initiatives in place to address the UE. The CRA will analyze this information to measure its progress and identify gaps that could be addressed in a refreshed UE strategy.

Goods and services/harmonized sales tax (GST/HST) registrants

GST/HST represents a significant source of tax revenue for both the federal and applicable provincial governments. The expansion of the GST/HST framework in Canada and the need to make businesses aware of their reporting requirements have become key challenges in successfully administering the GST/HST.

The CRA will continue to protect GST/HST revenue sources by identifying non-compliant businesses and registrants and through proactive compliance communication. The CRA will increase its knowledge of the GST/HST registrant population and will work to identify trends and patterns of non-compliance. CRA will use this information to enhance risk assessment models so that it can more effectively manage and address compliance risks. The enhancement of risk assessment capabilities is an integral element of the CRA's ongoing strategy to address GST/HST compliance.

Administering the Scientific Research and Experimental Development Program

The CRA oversees the administration of various tax incentives that promote economic growth in Canada, including the Scientific Research and Experimental Development (SR&ED) program. The SR&ED program provides businesses

with a tax credit for research and development (R&D) spending and is the largest single source of federal government support for industrial R&D activities performed in Canada. The CRA strives to deliver the tax incentives in a timely, consistent, and reliable manner, while ensuring claims comply with tax laws, policies, and procedures.

Enforcement

While the CRA has a sustained audit presence across sectors, suspected significant cases of fraudulent non-compliance are dealt with by the Criminal Investigations Program, which investigates and refers cases for prosecution to the Public Prosecution Service of Canada. These cases can result in penalties, court fines, and up to five years of incarceration. The Special Enforcement Program undertakes audits and other civil enforcement actions against taxpayers suspected of, or known to be, deriving income from illegal activities.

A program evaluation was recently conducted on the CRA's enforcement programs and we are currently responding to this review and subsequent report, through the development and implementation of relevant action plans.

We will pursue the following priorities over the planning period.

DELIVERABLES

Priority	Deliverable	Date
Aggressive tax planning	Identify and address abusive transactions	Ongoing
	Leverage and strengthen existing legislation, designed to reduce participation in ATP schemes	Ongoing
Underground economy	Continue to work with partners in the Federal-Provincial-Territorial Underground Economy Working Group (FPTUEWG) to reduce participation in the UE through research, information sharing, communication, education and audit activities	Ongoing
	Continue to adapt the UE compliance strategy in order to effectively address the constantly evolving UE	Ongoing
GST/HST Registrants	Establish, refocus and strengthen risk assessment models and processes in GST/HST Workload Development, Pre-assessment, Large Business Audit, Non-resident Audit and High Risk Analysis	2012-2014
SR&ED	Publish the new SR&ED policy documents on the CRA Web site	2012-2013
	Develop an SR&ED action plan to address the recommendations that are adopted following the government review of the Research and Development (R&D) Review Expert Panel's Report	2012-2013
Enforcement	Develop and implement action plans to address the findings of the program evaluation recently conducted on the CRA's Enforcement programs	2012-2015

APPEALS (PA5)



Canada Revenue Agency strategic outcome

Taxpayers meet their
obligations and Canada's
revenue base is protected



Government of Canada outcome area

A transparent, accountable, and
responsive federal government

PROGRAM ACTIVITY DESCRIPTION

Providing a timely and impartial dispute resolution process for taxpayers who disagree with decisions made by the CRA, by actively engaging in dialogue with the taxpayer and exploring alternative processes to resolve disputes when appropriate, as well as assisting the Department of Justice in handling appeals to the courts.

PLANNED SPENDING BY PROGRAM ACTIVITY

	2011-2012	2012-2013	2013-2014	2014-2015
	Forecast spending	Planned spending	Planned spending	Planned spending
Financial Resources (thousand of dollars)	159,856	153,855	151,168	150,920
Human Resources (full time equivalent)	1,464	1,654	1,637	1,640

Expected result	Performance indicator	Current target
Taxpayers receive a timely review of contested decisions made under legislation administered by the CRA and the handling of service complaints is timely and consistent.	Targeted levels of timeliness and consistency for Income Tax and Commodity Tax objections, CPP/EI appeals to the Minister, and Service Complaints, are met	98% (Review) 90% (Service Complaints)
Taxpayers receive an impartial review of contested decisions made under legislation administered by the CRA.	Targeted levels of transparency and impartiality for Income Tax and Commodity Tax objections, CPP/EI appeals to the Minister, and Service Complaints, are met	98% (Review) 90% (Service Complaints)

PLANNING HIGHLIGHTS

PROMOTING COMPLIANCE

BEING FAIR

By listening to people's concerns, and acting in a fair and responsible manner, the CRA earns the respect and trust of those upon whom it relies to self-assess and pay the amounts owing.

Dispute resolution

The goal of the CRA is to provide objective and timely reviews of contested decisions through its appeals process and the mutual agreement procedure. The CRA's focus on aggressive tax planning over the last few years, and the successful identification of tax schemes, has resulted in an increase in the number of disputes filed with the CRA. This increase in volume has negatively affected the timeliness of the dispute resolution process. In spite of this, we have preserved our high quality standards in the processing of disputes. The CRA has started to implement elements of a business transformation model that takes full advantage of our existing resource base, capitalizes on established centres of expertise, and builds upon the recent business process change to distribute our less complex workload nationally.

Taxpayer relief

The taxpayer relief provisions of the various Acts administered by the CRA permit us to help taxpayers who, because of circumstances beyond their control, are unable to meet their tax obligations. These circumstances could be personal misfortunes (sickness, death in the family), natural or man-made disasters (fire, floods), service disruption (postal strike), or an error by the CRA (incorrect information). The taxpayer relief provisions give the Minister of National Revenue discretion to cancel or waive penalties or interest, accept certain late, amended or revoked elections (income tax only), and issue income tax refunds or reduce the amount payable beyond the normal three-year period (individuals and testamentary trusts only).

We will pursue the following priorities over the planning period.

DELIVERABLES

Priority	Deliverable	Date
Being fair	Communicate with stakeholders on decisions taken	2012-2014
	Full implementation of business transformation model designed to consolidate group/project files	2012-2014

BENEFIT PROGRAMS (PA6)



Canada Revenue Agency strategic outcome

Eligible families and individuals
receive timely and correct
benefit payments



Government of Canada outcome area

Income security and employment
for Canadians

PROGRAM ACTIVITY DESCRIPTION

Providing Canadians with income-based benefits and other services that contribute directly to their economic and social well being through administration of the Canada child tax benefit, Goods and Services Tax/Harmonized Sales Tax credit, Children's Special Allowances, the Disability Tax Credit, the Universal child care benefit, and Working Income Tax Benefit (WITB) advance payments as well as a range of ongoing benefits and one-time payment programs on behalf of the provinces and territories, and other federal government departments. Assisting benefit recipients in meeting their obligations through the provision of timely responses to their enquiries.

PLANNED SPENDING BY PROGRAM ACTIVITY

	2011-2012	2012-2013	2013-2014	2014-2015
	Forecast spending	Planned spending	Planned spending	Planned spending
Financial Resources (thousand of dollars)	368,088	367,546	372,080	376,487
Human Resources (full time equivalent)	1,583	1,576	1,570	1,569

Expected result	Performance indicator	Current target
Benefit recipients are provided timely and accurate eligibility determinations and payments, and have access to timely and accurate information.	Percentage of the 10 service standards in force for Benefit administration and enquiries which have met targeted performance standard	100%
	Canada Child Tax Benefit (CCTB) overpayment debt as a percentage of payments issued	less than 0.4%

PLANNING HIGHLIGHTS

ADMINISTERING BENEFITS

MAINTAIN SERVICE

The CRA is a leader in providing tax and benefit services, and we continually explore ways to improve the services that we provide. The telephone remains the most popular channel for benefit recipients to contact us. We will continue to offer timely and accessible telephone services to help them obtain their entitlements. Canadians' expectations of service delivery continue to rise, government program delivery is subject to increasing levels of scrutiny and accountability, and the pace of innovation and the complexity of our delivery infrastructures are intensifying. Recognizing this, we continually enhance the information and tools available to Canadians to help them apply or register for programs. We offer a variety of formats to make it easier for people to access the benefits and credits to which they are entitled. In 2010-2011, we issued 110 million benefit payments totalling over \$22 billion to almost 12 million recipients.

Benefit renewal project

The CRA recognizes the need to ensure stable and reliable IT systems and we continue to address challenges due to our aging IT infrastructure. In 2011 we launched the benefit renewal project which will be completed in phases over the next seven years. This work is being done to enhance the CRA's ability to maintain core business processes,

respond to opportunities for growth in program and service delivery, and ensure that eligible families and individuals receive timely and correct benefit payments. The project will incorporate modern technologies and cost containment initiatives to address weaknesses in the benefits delivery system and to ensure uninterrupted delivery of benefit programs and services.

PAYMENT ACCURACY AND TIMELINESS

The correct calculation of benefits and credits relies on up to date information from the recipient. It is the responsibility of recipients to provide us with complete and accurate information to maintain their eligibility and receive the proper amount of benefits. Ongoing validation activities, in both prevention and detection, are carried out to make sure that the CRA issues accurate payments to entitled individuals.

Ensure accurate payments

We are responsible for ensuring that eligible individuals are receiving accurate payments on-time. We carry out validation and control activities specifically targeting accounts identified as high-risk for potential overpayments or underpayments. We also validate information about marital status, children's care situations, and addresses. The information we provide to recipients during validation reviews helps to educate them about their eligibility and entitlement requirements. As well, we aim to enhance our enforcement presence by our efforts to move cases of misrepresentation toward prosecution.

We have developed and refined a validation strategy over a number of years. It is based on research and risk assessment as well as investigation of trends within the benefit recipient community. Over the planning period, we will continue to improve our targeting to achieve greater program effectiveness. We will also continue to quantify the results achieved by our validation program to ensure that we are applying our resources in the most efficient and effective manner.

WORKING TOGETHER

Our legislation, in conjunction with the adaptability of our systems, enables us to use our federal infrastructure to accurately calculate and efficiently deliver benefits and credits on behalf of our government clients. Legislation also allows us, in certain instances, to provide information to support the programs that other governments themselves administer.

The number of programs and services provided by CRA on behalf of other federal departments or other levels of government continues to increase. As previously noted above, we are currently investing in a significant renewal of our IT infrastructure. Given the broad implications of this work and potential resource constraint, additional programs will only be considered where feasible, until our renewal project is fully implemented in 2016-2017.

Manage partnerships

Our flexibility as an CRA and the adaptability that we have built into our systems enable us to lever our federal delivery infrastructure to administer a range of programs and other services on behalf of client governments. The fact that most jurisdictions have already opted to use our delivery system strongly suggests that it offers important efficiencies in delivering benefits.

A good example of working together is our ongoing collaboration with provinces and territories in offering the Automated Benefits Application (ABA) service which is a quick, easy, and secure way to apply for all child benefit programs for newborns. This includes the Canada Child Tax Benefit (CCTB), the Universal Child Care Benefit (UCCB), the GST/HST credit, and any related provincial/territorial programs the CRA administers. This coordinated approach demonstrates that we are working closely with our federal and provincial partners to make it easier for new parents to readily access government programs. Over the planning period, we will continue our work with provinces and territories that have not yet implemented ABA to promote the integration of the Canada Child Benefits application with the provincial and territorial birth registration process. In addition to the six provinces already using ABA, we expect four additional provinces to begin using the service between 2012 and 2013.

Over this same period, we will maintain current programs and services administered on behalf of federal, provincial, and territorial departments. In addition, we will expand our service and data exchange opportunities where possible without jeopardizing the sustainability of current program delivery.

We will pursue the following priorities over the planning period.

DELIVERABLES

Priority	Deliverable	Date
Payment accuracy and timeliness	Maintain and refine the validation program to ensure that compliance risks are identified and addressed	2012-2014
Working together	Enhance e-Services (information for benefits on My Account)	2012-2014
	Increase the number of provinces and territories using the Automated Benefits Application service	2012-2014
	Implement new benefit programs, where feasible	2012-2014
	Expand data exchange opportunities where possible	2012-2014

INTERNAL SERVICES (PA7)



Canada Revenue Agency strategic outcomes

Taxpayers meet their obligations and Canada's revenue base is protected

and

Eligible families and individuals receive timely and correct benefit payments

PROGRAM ACTIVITY DESCRIPTION

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

ENABLING CORE BUSINESS OPERATIONS

The CRA delivers high-quality tax, benefit, and related services for governments across Canada. To fulfil our considerable mandate, the CRA uses modern management methods and practices that ensure we can comply with the accountability requirements of financial and administrative legislation, regulations, government policies, and directives; use effective human resources practices that support the achievement of business objectives; make sure that communications at the CRA are consistently well managed and responsive to the information requirements of employees and the public; and sustain and advance our core information technology functions, which are critical to the delivery of all our programs.

PLANNED SPENDING BY PROGRAM ACTIVITY

	2011-2012	2012-2013	2013-2014	2014-2015
	Forecast spending	Planned spending	Planned spending	Planned spending
Financial Resources (thousand of dollars)	1,522,468	1,271,936	1,240,544	1,242,339
Human Resources (full time equivalent)	8,970	8,567	8,489	8,570

PLANNING HIGHLIGHTS

The CRA provides internal management services, including:

- financial and administrative, information and resource management, real property and sustainable development services;
- enacts safeguards to ensure the protection of its information, employees, and assets, conducts investigations into suspected or actual employee misconduct, and establishes fraud prevention methods;
- develops high quality and sustainable information technology solutions that enable government program delivery; and
- institutes a systematic and comprehensive approach to managing risk that is fully integrated into decision making, planning, and reporting.

The CRA also develops and implements internal communications policies, programs, and services and works to ensure rigour in its reporting to Parliament, and provinces and territories. We use unique human resources flexibility authorized under the *Canada Revenue Agency Act* to design and develop tailor-made framework and systems for

staffing, classification, compensation, labour relations, collective bargaining, training, and human resources policy development.

HUMAN RESOURCES

The CRA human resources (HR) function is charged with providing leadership, strategic advice, and timely and effective services that support the achievement of business objectives. Corporate HR priorities are established through consultation with executives representing functions and locations from across the organization. Management of these priorities respects the CRA's over-arching approach to talent management.

PLAN FOR TALENT NEEDS

The CRA current environment combines funding pressures with significant changes both in programs and in the workforce. It is more important than ever to maintain our commitment to strategic workforce planning that is integrated with business planning, responds to identified risks, and can adapt to changing circumstances.

The CRA's multi-tiered approach hinges on collaborative and horizontal workforce planning and reporting at the corporate level. This sets the stage for planning and reporting at the branch and regional level to target the unique business and HR challenges in different functional areas and geographic locations. During the planning period, we will develop and publish the 2012-2013 update of the Agency Strategic Workforce Plan.

ACQUIRE TALENT

Although external recruitment is limited due to the current fiscal context, it is crucial that recruitment is strategically targeted to respond to business and workforce gaps and priorities identified in corporate, branch and regional workforce plans.

Recruitment strategies and tools will be developed taking into account the aging workforce demographics and future requirements in terms of a representative workforce that includes a strong management and executive leadership capacity and that maintains its official languages capacity.

DEVELOP TALENT

Employees eligible to retire possess a wealth of leadership skills, technical knowledge, and subject matter expertise that must be conserved. This is particularly important in three key groups (current retirement eligibility rates as of April 1, 2011): executives at 14.7%; auditors at 11.5%; and managers at 10.8%.

We will identify strategies to address current and future competency gaps, including knowledge transfer strategies to support successor readiness and to safeguard corporate knowledge and technical capacity and the risk-based succession planning is used to identify and respond to at-risk areas.

RETAIN AND MOBILIZE TALENT

Effective employee engagement and communications activities will help managers and executives lead transformation and manage change in turbulent times. The CRA's strong manager community is well positioned to take ownership and help employees understand, accept, and even benefit from change.

In 2012-2013, we will identify and implement collaborative, horizontal approaches to leading transformation, managing change, and engaging employees to help the CRA harness the opportunities generated by a multi-generational workforce. In addition, we will manage the internal movement of employees so that it supports business objectives at the same time that it supports employees' job satisfaction, productivity, career progression, and retention.

SUSTAIN A HEALTHY, RESPECTFUL, AND INNOVATIVE WORKPLACE

The workplace can have a large influence on employees' job satisfaction and productivity. This term encompasses a broad range of considerations that include positive union management relations, health and safety, and a respectful environment that fosters a culture of integrity and that embraces innovation.

Another important workplace consideration is improvements in technology that enable options such as teleworking, virtual management, and electronic workload distribution. In addition to supporting employees' varying preferences in work-life balance, these options help the CRA assign work to competent, available employees regardless of their geographic location.

The CRA will follow up on the results of the 2011 Public Service Employee Survey (PSES). The PSES results will be an important source of information during the next workforce planning cycle at the corporate level and at the branch and regional level. We will develop tools and practices that promote a healthy and respectful workplace

TRANSITION OF PROVINCIAL EMPLOYEES

The harmonized sales tax (HST) was successfully implemented in the provinces of British Columbia and Ontario on July 1, 2010. As a result of the changes to tax administration in these provinces, the CRA also committed to offering provincial employees meaningful employment that aligns with their expertise and experience. The first wave of provincial employees successfully transitioned to the CRA in November 2010 and the final wave joined the CRA in March 2012.

In 2011 a province-wide decision was made in British Columbia to return to the provincial sales tax and the goods and services tax (GST). The CRA continues to administer the HST during the transition back to the GST and will continue to work closely with the province to ensure that any human resources impacts are effectively managed.

BUSINESS INTELLIGENCE

The CRA has extensive data holdings that could be used better to provide a seamless service to taxpayers and to focus our compliance efforts where they will achieve the best results. The CRA has already realized the value of research and analytics to contribute to a more efficient and more effective tax administration. We have made significant investments in tools and technology, and built a skilled workforce, in establishing our business intelligence capacity. Over the planning period, we will continue to develop innovative, flexible and strategic approaches for research and analytics to support program outcomes. To ensure that the CRA is making the best use of enabling technologies and our workforce, we will develop the CRA business intelligence roadmap and will seek out opportunities to increase our business intelligence capacity by sharing data, tools and analytical expertise across business lines. Our objective will be to leverage to the maximum extent the insights gained through our business intelligence activities to influence program design and delivery.

IT RESPONSIVENESS AND SUSTAINABILITY

Information technology is integral to our capacity to deliver our programs and services to Canadians. To maintain this capacity, we work diligently to ensure that our systems and infrastructure are robust, secure, reliable, and recoverable.

As more Canadians choose web-based services in their dealings with the CRA, the demands on IT are growing. To meet the challenge of more targeted innovation and automation, we will continue to support the Secure Online Services initiatives. We also will continue to develop our collaborative and mobile technologies and advance our Enterprise Content Management (ECM) program to improve productivity and support the CRA's information management strategy.

We will continue to leverage IT investment and capability for the CRA and CBSA enterprise resource planning solution in support of ongoing and emerging HR and financial management business needs and to better adapt to the shifting landscape in which both agencies operate.

We will keep on advancing our Application Sustainability Program to ensure the stability of our systems, and to protect the integrity of the tax base and benefits services. In collaboration with the Resource and Investment Management Committee (RIMC) and the CRA stakeholders, we will manage IT investments to deliver value-for-money and further capitalize on our ability to demonstrate that it is safe to invest in the CRA. We will also plan and execute the move to a new data centre facility.

The Government of Canada has created Shared Services Canada (SSC) in order to take a government-wide approach to managing information technology. The CRA has invested significant funds in SSC and will rely on this organization to provide IT infrastructure services. We will manage our relationship with SSC by strengthening our expertise in service management while ensuring CRA business programs continue to be well served with quality IT services.

SECURITY

Given that CRA has a significant Internet presence and also manages confidential taxpayer data, we will strive to be the leader in achieving operational excellence with regard to protecting our data and IT assets to satisfy higher security and service standard. We will evolve CRA's IT Security program to ensure that the CRA meets or exceeds security recommendations set out by the Government of Canada. We will continue to implement the multi-year Secure Data Network and Assets program to maintain our high degree of security distinction.

REENGINEERING

To address growing mobile technology needs, we will develop a Mobility Platform Strategy and Framework to allow for the evaluation of the mobile technologies that will be deemed secure and sound for CRA to use.

The reengineering of the T1 system is a major business transformation initiative designed to sustain the capacity of the CRA to manage and deliver tax compliance programs in today's increasingly complex environment. The T1 Systems Redesign Project will improve the sustainability and flexibility of the T1 system, allowing us to modernize our business processes for the individual income tax program. We will manage the project over the next nine years, focussing our efforts on the key drivers of IT sustainability, improved taxpayer service, enhanced compliance, and increased operational effectiveness. Currently, we are in development of the Project Initiation Plan, which will articulate the T1 Systems Redesign Project vision and detail our high level strategy for the implementation of the project. With the approval of the Plan by CRA's Executive and the Treasury Board Secretariat in the fall of 2012, the project will move forward to the next phases of options analysis and detailed planning.

The reengineering of the Benefits system is a multi-year undertaking designed to renew, strengthen and sustain the capacity of the CRA to meet its priority of issuing timely and accurate benefit payments to the millions of Canadians who depend on them. The project will also allow the CRA to align its efforts with those of its external partners and stakeholders and respond to new opportunities for growth in program and service delivery.

A new service management model is under development that will transition the provision of infrastructure services for CBSA from CRA to SSC. This model will be based on existing CBSA-CRA instruments. The implementation of this model will be completed by the end of the transition period in March 2013. During this time, CRA will continue to provide services under the existing business continuity framework and operating protocol.

We will manage the evolution of the CRA's relationship with Shared Services Canada by strengthening our expertise in service management to ensure the CRA's business programs continue to be well served with quality IT services. We will set priorities that are designed to provide maximum value to the CRA and ultimately to taxpayers and benefit recipients.

To ensure infrastructure service continuity, CRA has been acting on SSC's behalf under the terms of the current business continuity framework and operating protocol while transitioning to SSC led operations. CRA and SSC have reached an agreement in principle that will lead to the establishment of a new Service Management Model for infrastructure services that will be fully implemented by March 2013.

We will support CRA savings through continued innovation, including enhanced self-service options for taxpayers and benefit recipients, adopting open-source software solutions when appropriate, and more aggressive negotiations across vendor supplied maintenance agreements.

FINANCE AND ADMINISTRATION

The CRA's Finance and Administration function enables the delivery of CRA programs and services by providing advice, products and services within diversified key functions, including financial administration, resource management, security, internal affairs, administration, real property, and sustainable development. It actively contributes to the CRA's achievements and integrity by creating an environment of sound comptrollership and by providing timely value-added financial and administrative expertise.

ACCOUNTABILITY, OVERSIGHT AND OPERATIONAL EFFICIENCY

Ensure sound management of financial resources

Through a structured approach to financial management, the CRA ensures that appropriate financial policies, resource management strategies, financial controls, practices and processes are in place for the optimal use of its financial resources.

The CRA is updating its resource management strategy to establish a multi-year financial plan that provides the CRA with the ongoing financial capacity to fulfil its mandated program objectives.

Pursuant to the requirements introduced by the Treasury Board Policy on Internal Control, the CRA is also implementing a sustainable program to test and monitor its internal controls over financial reporting. This program supports the Commissioner's and Chief Financial Officer's signature of the annual Statement of Management Responsibility for financial reporting, which includes certification that the effectiveness of the CRA's system of internal control over financial reporting is assessed in relation to key risks and adjusted if and where necessary. In 2012-2013 we will complete the implementation of the Chief Executive Officer and Chief Financial Officer certification process for CRA's internal controls over financial reporting.

Enhance CRA asset management

The CRA will implement a new approach to the provision of office space. This new approach is based on an assessment of current space utilization, a verification of operational need as well as the identification of potential savings. We will develop CRA-wide project-specific plans to generate annual accommodation savings to ensure that both the CRA and the PWGSC, as a service provider, are moving forward effectively in meeting the savings objectives.

In 2007, the CRA entered into a unique agreement with PWGSC that would govern the administration of real property services for the CRA. This year the CRA will review the arrangement to ensure it is evolving well, implement and monitor any action plan to address the recommendations of the review to strengthen the service delivery arrangement with PWGSC.

PROTECTION OF INFORMATION, EMPLOYEES, AND ASSETS

Because tax and benefit programs touch the lives of all Canadians, the public's trust in the CRA's integrity is critical to its ability to deliver programs and achieve its mandate. The CRA is enhancing its already strong management of integrity issues and activities within an overarching Integrity Framework. The recently revised Discipline Policy is a core instrument within the Integrity Framework, part of the Monitor, Ensure Integrity and Monitor Integrity Lapses element.

Consistent efforts are made to build and maintain trust through a variety of security safeguards, internal controls, and by ensuring that all employees treat CRA's protected information with care. These efforts include considerable investments and enhancements in security training and awareness programs, policies, systems, controls, and services. These consist of programs relating to personnel and physical security, information security, emergency management, fraud prevention, electronic networks monitoring, and internal investigations into employee misconduct.

Enhance security awareness and other security measures

The CRA has initiated a review of security awareness and training products with the goal of creating a comprehensive and standardized Security Awareness Program. Additionally, we are modernizing our corporate policies to provide employees with guidance and direction that is accurate, comprehensive and up-to-date.

The CRA will continue advance its internal fraud control program to prevent, detect and deter the risk of internal fraud through a set of policies, plans, processes, and controls. We will initiate an entity-level fraud risk assessment to evaluate inherent internal fraud risk in major CRA programs and complete detailed fraud risk assessments. In addition, a communication strategy and plan for fraud awareness training will be implemented.

The CRA will continue to advance its national audit trail monitoring program towards the modernization of its National Audit Trail System which includes an interim tool to improve the proactive review of employee accesses to taxpayer information.

The CRA will continue to advance the Identity and Access Management project. It clearly defines identification, authentication, authorization, security administration, and access provisioning to ensure a uniform and comprehensive security process. The project will standardize processes used to manage access to CRA data, thereby ensuring compliance with security policies and regulations. Phase two of IAM will integrate and synchronize user identities across all CRA computing infrastructure and applications to improve the security and integrity of system access. We will also advance Phase three of IAM, which includes access management and segregation of duties.

The emergency management program will be further enhanced to strengthen the CRA's capacity to effectively react to, cope with, adapt to, and recover from emergencies and to ensure the uninterrupted delivery of core programs and services in the event of emergency incidents. As a requirement of the Federal Policy for Emergency Management, the CRA will develop a Strategic Emergency Management Plan.

COMMUNICATING WITH EMPLOYEES

The Public Affairs Branch within the CRA actively contributes to the achievement of corporate objectives by providing effective and integrated public affairs advice, products, and services. This includes undertaking activities such as communications, issues management, brand management, ministerial services, parliamentary affairs, access to information and privacy, public opinion research, Internet and intranet planning, and publishing.

The CRA's intranet has evolved into a primary communications vehicle and key work tool for employees over the past several years. The CRA will ensure that this valuable corporate resource is developed and managed in a responsible and sustainable manner. Innovations will continue to be explored to bring added functionality and efficiencies to the CRA intranet.

ENTERPRISE RISK MANAGEMENT

Enterprise risk management (ERM) ensures that we have a systematic and comprehensive approach to managing risk that is fully integrated into decision making, planning, and reporting to achieve our strategic outcomes. Over the planning period, the focus of ERM efforts will be on maintaining the Corporate Risk Profile (CRP), supporting the CRA's transformation agenda, and strengthening risk monitoring and reporting. Priority will be given to further assisting employees in practicing risk management and considering risk as part of business decisions by providing timely information, a variety of learning opportunities, and advisory services.

The CRA will continue to ensure that the CRP is current, relevant, and that its information is used in decision making and planning. We undertake numerous activities to monitor changes in our enterprise risks and the progress of our activities designed to address them. Through environmental scanning, changes to the exposure of enterprise risks can be monitored and potential emerging risks identified. We will continue our effort to augment this capacity by placing an increased emphasis on information relevance and timeliness.

We will further bolster our risk monitoring capacity through the development of risk tolerance levels that facilitate risk oversight by increasing our focus on measurement and performance.

CRA SUSTAINABLE DEVELOPMENT (SD) STRATEGY 2012-2015

Through the Sustainable Development Strategy 2011-2014, the CRA contributes to the FSDS targets for greening government operations, and further integrate SD into our programs and services, decision-making and accountability processes. Goal 1 of the Strategy focuses on reducing the effects of its operations on the natural environment and supporting the FSDS targets.

These targets are:

- achieve six green procurement targets;
- recycle all surplus electronic and electrical equipment in an environmentally sound manner;
- reduce internal paper consumption per employee by 20%;
- achieve a 8:1 ratio of employees to printing units;
- adopt a guide for greening meetings and events; and
- reduce greenhouse gas emissions from fleet vehicles by 17% by 2020 from 2005-2006 levels.

For additional information on the CRA's targets for greening government operations, please refer to Section III of the RPP.



Goal 2 focuses on CRA core programs and services to taxpayers and clients. Goal 3 aims at enhancing the internal support functions that enable the CRA to efficiently and effectively administer tax and benefits services.

For complete details on CRA SD Strategy, please refer to the CRA SD Strategy 2011-2014.

We will pursue the following priorities over the planning period.

DELIVERABLES

Priority	Deliverable	Date
Human resources	Develop and publish the 2012-2013 update of the Agency Strategic Workforce Plan	2012-2013
	Updates of branch and regional workforce plans include a status report on the implementation of previously identified HR initiatives	2012-2013
	Develop recruitment strategies and tools for areas identified as being at risk and/or being of a high priority to meet critical long-term needs	2012-2013
	Identify strategies and develop action plans to address competency gaps and ensure knowledge transfer	2012-2013
	Risk-based succession planning is used to identify and respond to at risk areas	2013-2014
	Identify and implement collaborative, horizontal approaches to leading transformation, managing change, and engaging employees	2012-2013
	Increase employee awareness regarding the main elements of a healthy and respectful workplace by developing tools and practices that promote a healthy and respectful workplace	2012-2013
	Manage the HR impacts of business decisions related to the return to GST and PST in British Columbia	2012-2013
Business Intelligence	Develop the CRA Business Intelligence Roadmap	2012-2013
IT Responsiveness and sustainability	Establish a framework to implement e-Document and e-Delivery Secure Online Services	2012-2013
	Deploy an Enterprise Content Management solution for the Secure On-line Services e-Documents initiative	2012-2013
	Deploy evolving and new DCE products: Exchange 2010, Windows 7, Office 2010 and Remote Server Management	2012-2013
	Implement a Regional Backup Solution to enhance security and modernize our recovery tools	2013-2014
	Submit T1 Systems Redesign Project Initiation Plan to the Treasury Board	2012-2013
	Produce the detailed planning report which outlines the deliverables required to sustain and enhance the Benefits program for the next 6 years	2012-2013
	Update the long range Application Sustainability Plan for 2012-2025 and advance the conversion of IDMS based applications	2012-2013
	Execute the move to the new data centre facility	2013-2014
	Implement interim environmental upgrades at the CRA's data centres until the new government data centre is operational	2012-2013
	Develop a Mobility Platform Strategy and Framework	2012-2013
	Advance Helpdesk Consolidation by introducing a national structure for the IT Helpdesk function	2013-2014
	Implementation of new Service Management Model between CRA, CBSA, and SSC	2012-2013
	Approval of Service and Process Models between CRA and SSC	2012-2013
	Establishment of financial transfer mechanism between CRA and SSC	2012-2013

Priority	Deliverable	Date
Finance and administration	Continue to manage funding pressures and provide updates to the CRA's Resource Management Strategy	2012-2014
	Complete the implementation of the Chief Executive Officer and Chief Financial Officer certification process for CRA's internal controls over financial reporting	2012-2013
	Develop CRA-wide project specific plans to generate annual accommodation savings	2012-2014
	Develop, implement, and monitor the action plan related to the Treasury Board mandated third party review of the CRA/PWGSC business relationship	2012-2015
	Develop and implement a comprehensive security awareness program	2012-2014
	Review corporate policy instruments governing security and emergency management programs	2012-2013
	Initiate an entity-level fraud risk assessment and complete the pilot project for fraud risk assessments	2012-2014
	Develop phase two and three of the Identity and Access Management project	2012-2015
	Develop a Strategic Emergency Management Plan	2012-2015
Enterprise Risk Management	Maintain a current Corporate Risk Profile	2012-2013
	Provide risk management support to major initiatives	2012-2013

SECTION III: SUPPLEMENTARY INFORMATION

Financial highlights

The future-oriented financial highlights presented within this Report on Plans and Priorities (RPP) are intended to serve as a general overview of the Canada Revenue Agency's (CRA) financial position and operations. These future-oriented financial highlights are prepared on an accrual basis to strengthen accountability and improve transparency and financial management.

Future-oriented financial statements can be found on the CRA's website at: www.cra.gc.ca/rppe

For the Year Ending March 31

(\$ millions)

Condensed statement of financial position	Future-oriented 2012-2013	Future-oriented 2011-2012
Assets		
Financial assets	196.1	192.4
Non-financial assets	437.2	445.1
Total	633.3	637.5
Liabilities	995.7	992.6
Equity of Canada	(362.4)	(355.1)
Total	633.3	637.5

Capital assets totalling \$435.8M comprise most of the Agency's \$633.3M total assets for 2012-2013, with software (\$406.0M) being the largest asset class, as the CRA looks to take advantage of the newest technology in delivering its programs and services to Canadians. Net liabilities represent liabilities incurred by the Agency which are expected to be funded by appropriations in future years, as they are paid.

For the Year Ending March 31

(\$ millions)

Condensed statement of operations	% change	Future-oriented 2012-2013	Future-oriented 2011-2012
Expenses			
Total expenses	(2.38%)	4,482.5	4,591.6
Non-tax revenues			
Total non-tax revenues	(0.49%)	594.1	597.0
Net Cost from continuing operations	(2.66%)	3,888.4	3,994.6
Transferred expenses		-	143.8
less: transferred revenues		-	36.1
Net cost of operations	(5.21%)	3,888.4	4,102.3

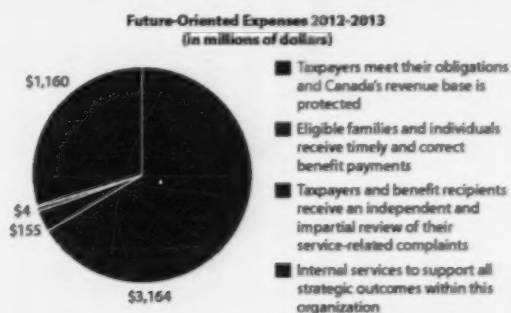
The chart below outlines the Agency's future-oriented total expenses for 2012-2013. It is projected that total expenses will be \$4,482.5M for the coming fiscal year.

Most of these expenses (\$3,163.7M) will be directed at enhancing the CRA's capability to achieve its first strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected. The CRA will focus on Tax Integrity and Strengthening Services. Tax Integrity will be achieved by making it harder to be non-compliant by actively and consistently addressing the promotion of non-compliance and improving communication and information-sharing with federal and international stakeholders to permit rapid response to emerging compliance threats. Strengthening Service will be achieved by making it easier for taxpayers to comply by carrying out the CRA's Service Strategy to expand self-service options, optimize telephone service, and fine-tune the outreach and communication efforts.

\$154.9M in expenses will be used to meet the CRA's second strategic outcome: Eligible families and individuals receive timely and correct benefit payments. To maintain a strong performance in benefit programs delivery, the CRA's focus will mostly be on Strengthening Service and Benefits Validation. Strengthening Service will be achieved by improving communications and enhancing electronic service offerings. Benefits validation will be achieved by creating a credible enforcement presence and by educating benefit recipients about their rights and obligations.

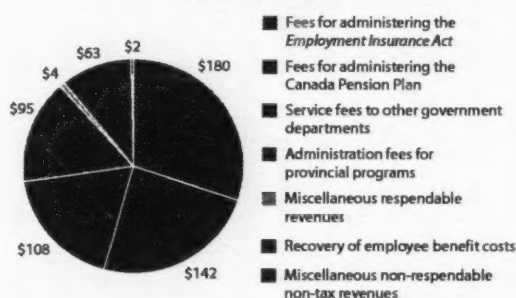
\$3.8M in expenses will be used to support the CRA's third strategic outcome: Taxpayers and benefit recipients receive an independent and impartial review of their service-related complaints with the Taxpayers' Ombudsman activity.

Finally, \$1,160.1M in expenses will be used in support of internal services. Internal services activities are those that apply across the organization and not to a specific program. These include activities such as Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services.



The chart below outlines the CRA's future-oriented total non-tax revenues for 2012-2013. It is projected that total non-tax revenues will be \$594.1M for the coming fiscal year. The majority, 54%, of these non-tax revenues (\$322.5M) are revenues credited to Vote 1 and are expected to come from the administration of the *Employment Insurance Act* (\$180.2M) and the Canada Pension Plan (\$142.3M). While 35% (\$206.7M) are non-tax revenues available for spending and are expected to come from service fees to other government departments (\$108.4M), administration fees for provincial programs (\$94.5M), and other miscellaneous spendable fees and charges (\$3.8M). The remaining 11% (\$64.9M) are non-tax revenues not available for spending and will come from the recovery of employee benefit costs relating to non-tax revenues credited to Vote 1 and revenues available for spending (\$63.3M) as well as other miscellaneous non-spendable non-tax revenues (\$1.6M).

Future-Oriented Non-tax Revenues 2012-2013
(in millions of dollars)



As of November 15, 2011, the Agency transferred certain information technology activities to Shared Services Canada (SSC) in accordance with Orders in Council (OIC) P.C. 2011-1291 to P.C. 2011-1297, including the stewardship responsibility for the related assets and liabilities. The estimated revenues and expenses of the Agency relating to these information technology activities prior to the effective date of the transfer are \$36.1M and \$143.8M respectively for fiscal year 2011-2012.

List of supplementary information tables

The following tables are available electronically on the Treasury Board of Canada Secretariat's Web site:

www.tbs-sct.gc.ca/rpp/2012-2013/inst/nar/st-istb-eng.asp

Details on Transfer Payment Programs

Children's Special Allowance payments

Disbursement to provinces under the *Softwood Lumber Products Export Charge Act, 2006*

Sources of respondable non-tax revenue and non-respondable non-tax revenue

Respondable non-tax revenue

Non-respondable non-tax revenue (Agency activities)

Summary of capital spending by program activity

Upcoming Internal Audits and Evaluations over the next three fiscal years

Greening Government Operations

The following tables are available electronically on the CRA Web site: www.cra.gc.ca/rppe

Agency planned spending and full-time equivalents

Agency Main Estimates and planned spending and full-time equivalents

Agency Planned spending by program activity and full-time equivalents

Services received without charge

Canada Revenue Agency Future-Oriented Financial Statements

SECTION IV: OTHER ITEMS OF INTEREST

Organizational contact information

CANADA REVENUE AGENCY

Appropriate Minister

The Honourable Gail Shea, P.C., M.P. Minister of National Revenue

Institutional Head

Linda Lizotte-MacPherson, Commissioner and Chief Executive Officer

Constituent Act

Canada Revenue Agency Act, [1999, c. 17]

Year of Incorporation/Commencement

1999

Mandate

The Canada Revenue Agency (CRA) is responsible for: supporting the administration and enforcement of program legislation; implementing agreements between the Government of Canada and the government of a province, territory, or other public body performing a function of government in Canada; implementing agreements or arrangements between the CRA and departments or other agencies of the Government of Canada; and implementing agreements between the Government of Canada and First Nations governments to administer a tax.

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Service standards at the CRA

Our service standards regime is a vital and integral part of our planning, reporting, and performance management processes. Meeting our service standards targets demonstrates that we are responsive to the needs of taxpayers and benefit recipients. This helps establish credibility in our operations and contributes to increasing the level of confidence that Canadians can place in government. The approval of new service standards and/or modifications to existing standards is sought through the CRA Corporate Business Plan process. The Service Standards 2012-2013 will be posted on the CRA Web site once the *Corporate Business Plan 2012-2013 to 2014-2105* has been approved.

For more information on our Service Standards, please visit the CRA Web site at:
www.cra.gc.ca/gncy/stdnrdts/menu-eng.html

STRATEGIC ENVIRONMENTAL ASSESSMENTS

Given its administrative mandate, the CRA has not conducted Strategic Environmental Assessments (SEA) to date. If required, the CRA will conduct SEAs, with the support of the Canadian Environmental Assessment Agency.

Additional information is available electronically as follows:

- complete details on the FSDS – please visit www.ec.gc.ca/dd-sd/default.asp?lang=En&n=C2844D2D-1
- the CRA's contribution to the FSDS and other SD initiatives – refer to the Greening Government Operations Supplementary Tables on the Treasury Board Secretariat website at: www.publiservice.tbs-sct.gc.ca/estsd-bddc/index-eng.asp
- information on the CRA SD Strategy 2011-2014 and our SD Performance Report – please visit: www.cra-arc.gc.ca/sds/
- details on CRA activities that relate to the environmental, economic, and social pillars of sustainable development – please visit the CRA SD Web site at: www.cra-arc.gc.ca/gncy/sstnbl/menu-eng.html